

2007 Montana Legislature

UNAPPROVED DRAFT BILL -- Subject to Change Without Notice!

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INTRODUCED BY

GRAY BILL

(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT STIMULATING MONTANA CLEAN AND GREEN ENERGY OPPORTUNITIES; PROVIDING TAX INCENTIVES FOR THE DEVELOPMENT OF RENEWABLE ENERGY RESOURCES AND FOR ENERGY CONSERVATION; PROVIDING PROPERTY TAX ABATEMENTS FOR RENEWABLE ENERGY-RELATED PROPERTY; CLASSIFYING THE PROPERTY OF CERTAIN RENEWABLE ENERGY FACILITIES AND RENEWABLE ENERGY MANUFACTURING FACILITIES AS CLASS FIVE PROPERTY; REVISING THE DEFINITION OF "POLLUTION CONTROL EQUIPMENT" FOR PROPERTY TAX PURPOSES; CREATING NEW PROPERTY CLASSES FOR THE TAXATION OF CERTAIN TRANSMISSION LINES THAT TRANSMIT ELECTRICITY GENERATED BY CERTAIN ELECTRICAL GENERATION FACILITIES CLASSIFYING CERTAIN NEW TRANSMISSION LINES AND CARBON DIOXIDE CAPTURE EQUIPMENT AS CLASS 5 PROPERTY; CREATING A NEW PROPERTY CLASS FOR CARBON SEQUESTRATION PIPELINES AND RELATED EQUIPMENT AND LIQUID PIPELINES; ESTABLISHING PROCEDURES FOR CLASSIFYING PROPERTY IN THE NEW PROPERTY CLASSES; ESTABLISHING REPORTING REQUIREMENTS FOR THE NEW CLASSES OF PROPERTY; INCREASING THE ENERGY-CONSERVING EXPENDITURES TAX CREDIT; PROVIDING THAT THE ENERGY-CONSERVING EXPENDITURES TAX CREDIT IS REFUNDABLE FOR A TAXPAYER WHOSE MONTANA ADJUSTED GROSS INCOME IS LESS THAN A CERTAIN AMOUNT; EXEMPTING FOR 2 YEARS VEHICLE REGISTRATION FEES ON NEW LIGHT VEHICLES BASED ON A MILES-PER-GALLON RATING; AMENDING SECTIONS 15-6-135, 15-6-138, 15-6-141, 15-6-156, 15-32-109, AND 61-3-321, MCA; AND PROVIDING EFFECTIVE DATES AND APPLICABILITY DATES."

WHEREAS, Montana has more potential for energy development from existing energy sources and from as yet untapped, diversified energy sources than any other state in the nation; and

WHEREAS, because of the state's existing energy development and potential for expanded energy development, Montana can play a major role in reducing the nation's dependence on foreign oil and help the nation achieve energy independence; and

WHEREAS, energy development creates high-quality, good-paying jobs that are essential for a strong Montana economy; and

WHEREAS, the location of much of the energy development will stimulate economic growth in areas of Montana that have long suffered economic hardship; and

~~WHEREAS, Montana citizens want energy development that primarily focuses on renewable energy sources and clean energy technologies that are compatible with Montana's quality of life; and~~

~~—WHEREAS, new markets for clean energy and new technologies make possible energy development that is compatible with the quality of life and consistent with Montana citizens' constitutional right to a clean and healthful environment should encourage the~~

WHEREAS, the development of certain types of energy is more costly than the development of traditional energy resources; and

WHEREAS, in order to make certain types of energy development cost effective, it is necessary to provide appropriate tax rates; and

WHEREAS, Montana should encourage construction of new transmission facilities that will enable the development of renewable resources; and

WHEREAS, the production of energy from coal produces carbon dioxide; and

WHEREAS, it is desirable to reduce emissions of carbon dioxide for the production of energy from coal; and

WHEREAS, it is more costly to capture, transport or sequester carbon dioxide than to vent it; and WHEREAS, Montana citizens understand the need for research into clean energy and new technologies prior to their commercial development; and

WHEREAS, Montana citizens want energy development accomplished in a manner that provides sustainable, affordable energy for Montana's businesses, industries, and families; and

WHEREAS, in addition to providing more jobs and enhancing stronger economic growth, new and sustainable energy development will provide additional financial resources for education and other important governmental services; and

WHEREAS, although state government and its elected officials cannot dictate private market investment in Montana, they can play an important role in attracting needed energy development capital to Montana; and

WHEREAS, providing targeted property tax incentives is an effective way of attracting capital investment for capital-intensive energy development projects.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 5 4], unless the context requires otherwise, the following definitions apply:

- (1) "Biodiesel" has the meaning provided in 15-70-301.
- (2) "Biodiesel production facility" means land, improvements, and personal property used for the production and onsite storage of biodiesel.
- (3) "Biogas" means methane gas produced through controlled biochemical processes in which bacteria digest animal, municipal, or other organic wastes in an oxygen-free environment. The term includes naturally occurring methane gas formed underground in landfills.
- (4) "Biogas production facility" means land, improvements, and personal property used for the production of biogas and the generation of electricity at the facility.
- (5) "Biomass" means any renewable organic matter, including dedicated energy crops and trees, agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic plants, animal wastes, municipal wastes, and other organic waste materials.
- (6) "Biomass gasification" means a technology that uses a thermochemical process to convert biomass into a low-Btu or medium-Btu gas for the purpose of producing electricity, methane gas, transportation fuels, or chemicals. The technology includes the pretreatment of biomass feedstock involving drying, pulverizing, and screening.

(7) "Biomass gasification facility" means land, improvements, and personal property used for the production of fuel, chemicals, and

generation of electricity from biomass at the facility.

(8) "Clean advanced coal research and development equipment" means equipment used primarily for research and development of emerging methods for pollution control, carbon capture and carbon sequestration. The term includes equipment used for research and development of effective and efficient removal of various pollutants and the capture, storage, transportation, compression and injection of carbon dioxide from coal combustion utility and industrial facilities and advanced coal conversion facilities."

(9) ~~(8)~~ "Coal gasification" means a process that converts coal into a synthesis gas composed primarily of carbon monoxide, and hydrogen, and other gasses. The coal gasification process includes the reaction of coal feedstock, prepared in either a dry or slurried form, with steam and oxygen at high temperature and pressure in a reducing, ~~oxygen-starved~~ atmosphere. The synthesis gas is then used to produce electricity, liquid fuels, methane gas, or chemicals.

(10) ~~(9)~~ "Coal gasification facility" means land, improvements, and personal property used for coal gasification that is used for the production of fuel, chemicals, or the generation of electricity, or ~~both~~ any combination of them, at the facility. The term includes a coal-to-liquid facility or an integrated gasification combined cycle facility.

(11) ~~(10)~~ (a) "Coal-to-liquid facility" means land, improvements, and personal property used for the production of synthetic liquid fuels from coal. The term includes a facility that may use the Fischer-Tropsch process, or other processes, to convert synthesis gas produced by coal gasification into liquid fuel.

(b) For purposes of subsection ~~(10)(a)~~ (11) (a), "Fisher-Tropsch process" means the synthesis of hydrocarbons and, to a lesser extent, of aliphatic oxygenated compounds by the catalytic hydrogenation of carbon monoxide.

(12) ~~(11)~~ "Commencement of construction" means initiation of onsite fabrication, erection, or installation of, but not limited to, the following:

(a) building supports or foundations;

④

(b) laying of underground pipework; or

(c) construction of storage structures.

(13) ~~(12)~~ "Ethanol" means nominally anhydrous ethyl alcohol that has been denatured as specified in 27 CFR, parts 20 and 21, and that meets the standards for ethanol adopted pursuant to 82-15-103.

(14) ~~(13)~~ "Ethanol production facility" means land, improvements, and personal property used for the production and onsite storage of ethanol.

(15) ~~(14)~~ "Geothermal facility" means land, improvements, and personal property used for the production of electricity from geothermal sources.

(16) ~~(15)~~ (a) "Integrated gasification combined cycle facility" means an electrical generation facility ~~constructed after June 30, 2007~~, that uses a coal gasification process and routes synthesis gas to a combustion turbine to generate electricity and capture waste heat from the combustion turbine to drive a steam turbine to produce more electricity. The facility may also use incidental amounts of natural gas or other fuels in the combustion turbine.

(b) The term does not include an integrated gasification combined cycle facility at which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), was not paid during the construction phase.

(17) "Natural gas combined cycle facility" means an electrical generation facility constructed after June 30, 2007, that uses a natural gas combustion turbine to generate electricity and capture waste heat from the combustion turbine to drive a steam turbine to produce more electricity.

(18) ~~(16)~~ "Renewable energy" ~~means~~ includes but is not limited to the following:

(a) solar energy;

(b) wind energy;

(c) geothermal energy;

(d) energy from the conversion of biomass;

(e) energy from biogas;

(f) energy from fuel cells that do not require a petroleum-based fuel; and

(g) energy from waste heat.

(19) ~~(17)~~-(a) "Renewable energy manufacturing facility" means land, improvements, and personal property used by a facility with its principal business being the manufacturing of component parts, systems, or similar equipment for use in facilities that produce renewable energy or use matter that is capable of being converted into forms of energy useful to people, including electricity, and the technology necessary to make this conversion when the source is not exhaustible.

(b) For purposes of subsection ~~(17)(a)~~ (19) (a) , "principal business" means a renewable energy manufacturing facility with annual gross receipts from the sale of renewable energy component parts and systems of at least ~~85%~~ 50% of the facility's total gross sales for the year.

(20) ~~(18)~~ "Renewable energy research and development equipment" means equipment used primarily for research and development of the efficient use of renewable energy sources. The term includes equipment used for research and development of electric motor vehicles or hybrid electric motor vehicles.

NEW SECTION. Section 2. Energy production or development -- tax abatement -- eligibility. (1) A facility listed in subsection (3), clean advanced coal research and development equipment and renewable energy research and development equipment may qualify for an abatement of property tax liability pursuant to [section 3].

(2) (a) If the abatement is granted, the qualifying facility or equipment must be taxed at 50% of its taxable value for the qualifying period.

(b) The abatement applies to all mills levied against the qualifying facility or equipment.

(3) ~~The~~ Subject to subsection (4), the following facilities or property may qualify for the abatement allowed under [sections 1 through 5-4]:

- (a) biodiesel production facilities;
- (b) biogas production facilities;
- (c) biomass gasification facilities;
- (d) coal gasification facilities, other than integrated gasification combined cycle facilities, that sequester carbon dioxide in the coal gasification process;
- (e) ethanol production facilities;
- (f) geothermal facilities;
- (g) renewable energy manufacturing facilities; and

(h) renewable energy research and development equipment and clean advanced coal research and development equipment if the market value of the equipment when placed in service is equal to or greater than \$150,000 but is not more than \$1 million.

(4) (a) Except as provided in subsection (4)(b), in order to qualify for the abatement under [sections 1 through 5-4], the a facility must meet listed in subsection (3) qualifies for the abatement if it meets the following requirements:

- (i) commencement of construction of the facility must occur after June 30, 2007; and
- (ii) the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), must be paid during the construction phase of the facility.

(b) In order to qualify for the abatement under [sections 1 through 5-4], renewable energy research and development equipment and clean advanced coal research and development equipment must be placed into service after June 30, 2007.

(5) The facility or renewable energy research and development equipment and clean advanced coal research and development equipment must be certified by the department of environmental quality as provided in [section 3].

(6) Upon termination of the qualifying period, the abatement ceases and the property for which the abatement had been granted must be taxed at 100% of its taxable value.

(7) For the purposes of this section, "qualifying period" means the construction period and the first 10 years after the facility is certified as provided in [section 3] commences operation or the research and development equipment is purchased. The total time of the "qualifying period" may not exceed 14 years.

NEW SECTION. Section 3. Qualified certification --application -- approval -- revocation.

(1) In order for the taxpayer to receive the abatement described in [section 2], the taxpayer shall submit an application to the department of environmental quality as provided in this section.

(2) The application must be on a form provided by the department of environmental quality and must be submitted by the taxpayer to the department of environmental quality within 60 at least 90 days before the commencement of construction or, in the case of renewable

energy research and development equipment, ~~within 60~~ at least 90 days before the equipment is placed in service. The application must include:

- (a) the taxpayer's name, business address, telephone and fax numbers, incorporation information, and federal tax identification number;
- (b) the address and telephone and fax numbers of the taxpayer's Montana office;
- (c) the date scheduled for commencement of construction or the date when the equipment ~~was manufactured~~ purchased;
- (d) a description of the facility or equipment for which the abatement is sought;
- (e) a statement affirming that the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), will be paid during the construction phase of the facility; and
- (f) a statement affirming that all other requirements for certification under [sections 1 through 4] have been satisfied.

(3) The application must be signed by the president, secretary, managing agent, or another officer that the company designates. The statement is treated as a statement under oath or equivalent affirmation for the purpose of 45-7-202, relating to the criminal offense of false swearing.

(4) (a) The department of environmental quality shall notify the taxpayer within 90 days of receipt of the application as to whether the facility or equipment meets the requirements for the property tax abatement.

(b) If the department of environmental quality approves the application, it shall provide a certification number to the taxpayer and notify the department of revenue of the approval and certification number.

(5) If the department of environmental quality ~~or the department of revenue determines,~~ after notice and opportunity for a hearing, that a taxpayer has violated the provisions of [sections 1 through 5-4], ~~either the department may revoke a taxpayer's certification granted under this section. If either the department of environmental quality or the department of revenue revokes a taxpayer's certification, the department revoking the certification shall notify the other department and the taxpayer, in writing, within 30 days. The~~ department of environmental quality shall consult with the department of revenue and other appropriate agencies prior to commencing the revocation procedures. If a certification

is revoked, the department of environmental quality shall notify the department of revenue within 30 days.

(6) If a taxpayer's certification is revoked, the taxpayer forfeits the abatement. Upon revocation, the property must be taxed at 100% of its taxable value beginning on January 1 of the year in which the certification is revoked and any remaining abatement must be forfeited. The taxpayer is immediately liable for any additional taxes resulting from the default.

(7) A taxpayer that has forfeited any portion of its abatement due to revocation may not reapply for an abatement under [sections 1 through-5 4].

(8) If a taxpayer feels aggrieved by a determination made by the department of environmental quality or the department of revenue, the taxpayer has the right to the review procedures in 15-1-211 and a hearing under Title 2, chapter 4, part 6.

NEW SECTION. Section 4. Annual report. (1) A taxpayer owning or operating property that qualifies for the property tax abatement under [sections 1 through 5] has the same reporting requirements and filing dates as those for owners or operators of commercial and industrial property.

—(2) At the time the property report is filed with the department of revenue, the taxpayer shall also provide the following information to the department of revenue:

—(a) the date of commencement of construction of the facility or the date when the equipment was manufactured; and

—(b) affirmation that all other requirements imposed by [sections 1 through 5], as applicable, are being met.

—(3) If a taxpayer fails to provide the information required by this section, the property tax abatement under [sections 1 through 5] may be revoked.

—(4) The books and records of a taxpayer owning or operating the property qualifying for the abatement are subject to inspection by the department of environmental quality and the department of revenue during reasonable hours.

—(5) A taxpayer who feels aggrieved by a determination of the department of revenue made pursuant to the provisions of this section has the right to a hearing under Title 2, chapter 4, part 6.

(9)

NEW SECTION. Section 5 4. Rules. (1) The department of environmental quality shall adopt rules related to the procedures for reviewing applications for the property tax abatement and the criteria for granting or denying an application for abatement under [sections 1 through 5 4]. The rules must also include criteria for revoking a property tax abatement certification under [sections section 3 and 4].

(2) The department of revenue shall adopt rules for the implementation, including the valuation of qualifying property, and administration of [sections 1 through 5]. ~~The rules must also include criteria for revoking a property tax abatement under [sections 3 1 and through 4].~~

(3) The department of environmental quality and the department of revenue shall consult with each other before adopting rules under this section.

Section 6 5. Section 15-6-135, MCA, is amended to read:

"15-6-135. Class five property -- description -- taxable percentage. (1) Class five property includes:

- (a) all property used and owned by cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana, except property owned by cooperative organizations described in 15-6-137(1)(a);
- (b) air and water pollution control equipment as defined in this section;
- (c) new industrial property as defined in this section;
- (d) any personal or real property used primarily in the production of gasohol during construction and for the first 3 years of its operation;
- (e) all land and improvements and all personal property owned by a research and development firm, provided that the property is actively devoted to research and development;
- (f) machinery and equipment used in electrolytic reduction facilities;
- (g) all property used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telecommunications services exclusively to rural areas or to rural areas and cities and towns of 1,200 permanent residents or less;
- (h) all property of a biodiesel production facility, as defined in [section 1];
- (i) all property of a biogas production facility, as defined in [section 1];
- (j) all property of a biomass gasification facility, as defined in [section 1];

(k) all property of a coal gasification facility, as defined in [section 1], that sequesters carbon dioxide;

(l) all property of an ethanol production facility, as defined in [section 1];

(m) all property of a geothermal facility, as defined in [section 1];

(n) all property of an integrated gasification combined cycle facility as defined in [section 1] that sequesters carbon dioxide;

(o) all property of a renewable energy manufacturing facility, as defined in [section 1];

(p) all property of a natural gas combined cycle facility as defined in [section 1];

(q) high voltage direct current transmission lines and associated equipment and structures, including converter stations and interconnections that:

(i) provide access to energy markets for new Montana generating plants certified under [sections 1 through 4];

(ii) have at least 100 miles of transmission line with at least 1 converter station in Montana or \$250,000,000 in investment;

(iii) have one or more converter stations in Montana to provide direct current transmission line access for the output of new generating plants in Montana certified under [sections 1 through 4];

(iv) are certified as environmentally acceptable under Montana's Major Facility Siting Act;

(v) for which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a) will be paid during the construction phase.

(s) equipment used to capture and prepare for transport carbon dioxide that will be sequestered or injected for the purpose of enhancing the recovery of oil and gas, that is installed in a facility constructed before July 1, 2007."

(2) (a) ~~the~~ "Air and water pollution control equipment" means that portion of identifiable property, facilities, machinery, devices, or equipment designed, constructed, under construction, or operated for removing, disposing, abating, treating, eliminating, destroying, neutralizing, stabilizing, rendering inert, storing, or preventing the creation of air or water pollutants that, except for the use of the ~~item~~ property, would be released to the environment. Reduction in

~~pollutants obtained through operational techniques without specific facilities, machinery, devices, or equipment is not eligible for certification under this section.~~ Reduction in pollutants obtained through operational techniques without specific facilities, machinery, devices, or equipment is not eligible for certification under this section.

~~(ii) The term includes equipment used to capture carbon dioxide for sequestration that is installed in a facility constructed before July 1, 2007.~~

(b) Requests for certification must be made on forms available from the department of revenue. Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws, orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues. ~~Reduction in pollutants obtained through operational techniques without specific facilities, machinery, devices, or equipment is not eligible for certification under this subsection (2)(b).~~

(c) The department of environmental quality shall promulgate rules specifying procedures, including timeframes for certification application, and definitions necessary to identify air and water pollution control equipment for certification and compliance. The department of revenue shall promulgate rules pertaining to the valuation of qualifying air and water pollution control equipment. The department of environmental quality shall identify and track compliance in the use of certified air and water pollution control equipment and report continuous acts or patterns of noncompliance at a facility to the department of revenue. Casual or isolated incidents of noncompliance at a facility do not affect certification.

(d) A person may appeal the certification, classification, and valuation of the property to the state tax appeal board. Appeals on the property certification must name the department of environmental quality as the respondent, and appeals on the classification or valuation of the equipment must name the department of revenue as the respondent.

(3) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, used by new industries during the first 3 years of their operation. ~~The property may not have been assessed within the state of Montana prior to July 1, 1961.~~

(b) New industrial property does not include:

(i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions unless the business or profession meets the requirements of subsection (4)(b)(v);

(ii) a plant that will create adverse impact on existing state, county, or municipal services; or

(iii) property used or employed in an industrial plant that has been in operation in this state for 3 years or longer.

(4) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry.

(b) New industry includes only those industries that:

(i) manufacture, mill, mine, produce, process, or fabricate materials;

(ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials;

(iii) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the North American Industry Classification System Manual prepared by the United States office of management and budget;

(iv) engage in the transportation, warehousing, or distribution of commercial products or materials if 50% or more of an industry's gross sales or receipts are earned from outside the state; or

(v) earn 50% or more of their annual gross income from out-of-state sales.

(5) ~~Class Except as provided in Section 21, class~~ Class five property is taxed at 3% of its market value."

(6) (i) The department of environmental quality shall certify that a transmission line meets the criteria of subsection (1)(g) based on an application provided for in [section 3]. The department of environmental quality shall review the certification 10 years after the line is operational and if the property no longer meets the requirements of subsection (1)(g) the certification may be revoked.

(ii) If the department of environmental quality finds a certification previously granted was based on an application that the applicant knew was false or fraudulent, the department of environmental quality shall

notify the department of revenue and the property will be placed in class nine under 15-6-141. The applicant may be liable for additional taxes from the time of the certification, based on the fraudulent application, was in effect.

Section 7 6. Section 15-6-141, MCA, is amended to read:

"15-6-141. Class nine property -- description -- taxable percentage. (1) Class nine property includes:

(a) centrally assessed allocations of an electric power company or centrally assessed allocations of an electric power company that owns or operates transmission or distribution facilities or both, including, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created by congress to transmit or distribute electrical energy produced at privately owned generating facilities, not including rural electric cooperatives. However, rural electric cooperatives' property, except wind generation facilities classified under 15-6-157, used for the sole purpose of serving customers representing less than 95% of the electric consumers located within the incorporated limits of a city or town of more than 3,500 persons in which a centrally assessed electric power company also owns property or serving an incorporated municipality with a population that is greater than 3,500 persons formerly served by a public utility that after January 1, 1998, received service from the facilities of an electric cooperative is included. For purposes of this subsection (1)(a), "property used for the sole purpose" does not include a headquarters, office, shop, or other similar facility.

(b) allocations for centrally assessed natural gas companies having a major distribution system in this state; and

(c) centrally assessed companies' allocations except:

(i) electrical generation facilities classified under 15-6-156 and wind generation facilities classified under 15-6-157;

(ii) property owned by cooperative rural electric and cooperative rural telephone associations and classified under 15-6-135;

(iii) transmission lines classified under [sections 8 and 9 through 11];

(iv) carbon sequestration pipelines, carbon sequestration equipment, and liquid pipelines classified under [section 42-10];

(v) high voltage direct current transmission lines
classified under 15-6-135;

~~(iii)~~(vi) property owned by organizations providing telephone communications to rural areas
and classified under 15-6-135;

~~(iv)~~(vii) railroad transportation property included in 15-6-145;

~~(v)~~(viii) airline transportation property included in 15-6-145; and

~~(vi)~~(ix) telecommunications property included in 15-6-156.

(2) Class nine property is taxed at 12% of market value."

Section 8. Section 15-6-156, MCA, is amended to read:

"15-6-156. Class thirteen property -- description -- taxable percentage. (1) Except as
provided in subsections (2)(a) through (2)(g), class thirteen property includes:

(a) electrical generation facilities, except wind generation facilities classified under 15-6-157,
coal gasification facilities, natural gas combined cycle facilities, and
integrated gasification combined cycle facilities classified under 15-6-135, of a centrally assessed
electric power company;

(b) electrical generation facilities, except wind generation facilities classified under 15-6-157,
coal gasification facilities, natural gas combined cycle facilities, and
integrated gasification combined cycle facilities classified under 15-6-135, owned or operated by
an exempt wholesale generator or an entity certified as an exempt wholesale generator pursuant
to section 32 of the Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a;

(c) noncentrally assessed electrical generation facilities, except wind generation facilities
classified under 15-6-157, coal gasification facilities, natural gas combined cycle
facilities, and integrated gasification combined cycle facilities classified under 15-6-135,
owned or operated by any electrical energy producer; and

(d) allocations of centrally assessed telecommunications services companies.

(2) Class thirteen property does not include:

(a) property owned by cooperative rural electric cooperative associations classified under 15-
6-135;

(b) property owned by cooperative rural electric cooperative associations classified under 15-
6-137 or 15-6-157;

(15)

- (c) allocations of electric power company property under 15-6-141;
- (d) electrical generation facilities included in another class of property;
- (e) property owned by cooperative rural telephone associations and classified under 15-6-135;
- (f) property owned by organizations providing telecommunications services and classified under 15-6-135; and
- (g) generation facilities that are exempt under 15-6-225; and
- (h) coal gasification facilities that do not sequester carbon dioxide.

(3) (a) For the purposes of this section, "electrical generation facilities" means any combination of a physically connected generator or generators, associated prime movers, and other associated property, including appurtenant land and improvements and personal property, that are normally operated together to produce electric power. The term includes but is not limited to generating facilities that produce electricity from coal-fired steam turbines, oil or gas turbines, or turbine generators that are driven by falling water.

(b) The term does not include electrical generation facilities used for noncommercial purposes or exclusively for agricultural purposes.

(c) The term also does not include a qualifying small power production facility, as that term is defined in 16 U.S.C. 796(17), that is owned and operated by a person not primarily engaged in the generation or sale of electricity other than electric power from a small power production facility and classified under 15-6-134 and 15-6-138.

(4) Class thirteen property is taxed at 6% of its market value."

NEW SECTION. Section 9. Class fifteen property -- description -- taxable percentage.

(1) Class fifteen property includes a qualified transmission line ~~that has contracted at least 25% but less than 65% of the line's firm transfer capacity~~ upon which at least half the firm transfer capacity was reserved in an open season conducted in accordance with the requirements of the Federal Energy Regulatory Commission to transmit electricity generated by green facilities. The transmission line must be operated at 30 megavoltamperes or greater.

(2) For the purpose of this section, the following definitions apply:

(a) (i) "Green facility" means an electrical generation facility certified by the department of environmental quality under [sections 1 through 5 4] and includes:

- (A) a biogas production facility;
- (B) a biomass gasification facility;
- (C) a coal gasification facility; and
- (D) a geothermal facility.

(ii) The term includes a wind generation facility classified under 15-6-157 and an integrated gasification combined cycle facility as defined in [section 1].

(b) "Qualified transmission line" means a transmission line that:

(i) is either constructed after June 30 1, 2007, or represents the specific portion of a transmission line upgraded in capacity by more than 30 megavoltamperes after June 30 1, 2007; and

(ii) is certified by the department of environmental quality as provided in [section 43 11].

(3) Class fifteen property does not include a transmission line for which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), was not paid during the construction phase.

(4) Class fifteen property is taxed at 9% 3% of its market value.

NEW SECTION. Section 10. Class sixteen property -- description -- taxable percentage.

~~(1) Class sixteen property includes a qualified transmission line that has contracted at least 65% but less than 100% of the line's firm transfer capacity to transmit electricity generated by green facilities. The transmission line must be operated at 30 megavoltamperes or greater.~~

~~—(2) For the purpose of this section, the following definitions apply:~~

~~—(a) (i) "Green facility" means an electrical generation facility certified by the department of environmental quality under [sections 1 through 5] and includes:~~

- ~~—(A) a biogas production facility;~~
- ~~—(B) a biomass gasification facility;~~
- ~~—(C) a coal gasification facility; and~~
- ~~—(D) a geothermal facility.~~

~~—(ii) The term includes a wind generation facility classified under 15-6-157 and an integrated gasification combined cycle facility as defined in [section 1].~~

~~—(b) "Qualified transmission line" means a transmission line that:~~

~~—(i) is constructed after June 30, 2007, or represents the specific portion of a transmission line upgraded in capacity by more than 30 megavoltamperes after June 30, 2007; and~~

~~—(ii) is certified by the department of environmental quality as provided in [section 13].~~

~~—(3) Class sixteen property does not include a transmission line for which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), was not paid during the construction phase.~~

~~—(4) Class sixteen property is taxed at 6% of its market value.~~

NEW SECTION. Section 14 10. Class sixteen seventeen property -- description --

taxable percentage. (1) Class sixteen seventeen property includes:

(a) a qualified transmission line that has contracted 100% of the line's firm transfer capacity to transmit electricity generated by green facilities. The transmission line must be operated at 30 megavoltamperes or greater; and

(b) a qualified electric tie line that has contracted 100% of the line's firm transfer capacity to deliver electricity generated from a green facility to the network transmission system.

(2) For the purpose of this section, the following definitions apply:

(a) (i) "Green facility" means an electrical generation facility certified by the department of environmental quality under [sections 1 through 5 4] and includes:

(A) a biogas production facility;

(B) a biomass gasification facility;

(C) a coal gasification facility; and

(D) a geothermal facility.

(ii) The term includes a wind generation facility classified under 15-6-157, ~~and an integrated gasification combined cycle facility~~ and a natural gas combined cycle facility, as defined in [section 1].

(b) "Qualified electric tie line" means a dedicated transmission line constructed after June 30, 2007, that:

(i) delivers electricity from a green facility to the network transmission system; and

(ii) is certified by the department of environmental quality as provided in [section 43 11].

(c) "Qualified transmission line" means a transmission line that:

(i) is constructed after June 30, 2007, or represents the specific portion of a transmission line upgraded in capacity by more than 30 megavoltamperes after June 30, 2007; and

(ii) is certified by the department of environmental quality as provided in [section 43 11].

(3) Class ~~sixteen~~ ~~seventeen~~ property does not include a transmission line or an electric tie line for which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), was not paid during the construction phase.

(4) Class ~~sixteen~~ ~~seventeen~~ property is taxed at 3% of its market value.

NEW SECTION. Section 42 11. Class ~~seventeen~~ ~~eighteen~~ -- description -- taxable percentage. (1) Class ~~seventeen~~ ~~eighteen~~ property includes:

(a) qualified carbon sequestration pipelines and carbon sequestration equipment certified by the department of environmental quality as provided in [section 43 11]; and

(b) qualified liquid pipelines certified by the department of environmental quality as provided in [section 43 11].

(2) For the purposes of this section, the following definitions apply:

(a) "Carbon sequestration" means the long-term storage of carbon dioxide from a carbon dioxide sequestration pipeline in geologic formations, including but not limited to deep saline formations, basalt or oil shale formations, depleted oil and gas reservoirs, unmineable coal beds, and closed-loop enhanced oil recovery operations.

(b) "Carbon sequestration equipment" means the equipment used for carbon sequestration, including equipment used to inject carbon dioxide at the carbon sequestration point and equipment used to retain carbon dioxide in the geologic formation.

(c) "Carbon sequestration pipeline" means a pipeline that transports carbon dioxide from a coal processing plant, biomass gasification facility, or biogas production facility to a carbon sequestration point.

(d) "Carbon sequestration point" means the location where carbon dioxide is injected into a geologic formation for carbon sequestration.

(e) "Closed-loop enhanced oil recovery operation" means an operation that, after construction, installation, and testing has been completed and the full enhanced oil recovery process has been commenced, injects carbon dioxide to increase the amount of crude oil that can be recovered from a well and retains as much of the injected carbon dioxide as practicable, but not less than 90% of the carbon dioxide injected absent catastrophic or unforeseen occurrences.

(f) "Coal processing plant" means a coal conversion facility that produces a flow of carbon dioxide that can be sequestered.

(g) "Liquid pipeline" means a pipeline that is dedicated to using 100% of its pipeline capacity for transporting fuel or methane gas from a coal gasification facility, biodiesel production facility, biogas production facility, biomass gasification facility, or ethanol production facility as those facilities are defined in [section 1].

(3) Class seventeen ~~eighteen~~ property does not include a carbon sequestration pipeline or a liquid pipeline for which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), was not paid during the construction phase.

(4) Class seventeen ~~eighteen~~ property is taxed at 3% of its market value.

NEW SECTION. Section 13 12. Application for classification as qualified transmission line -- approval -- revocation. (1) In order for a taxpayer to qualify the taxpayer's transmission lines for classification as class fifteen, ~~and~~ class sixteen, ~~or class seventeen~~ property, the taxpayer shall submit an application to the department of environmental quality as provided in this section.

(2) (a) The application must be on a form provided by the department of environmental quality and must be submitted by the taxpayer to the department of environmental quality within 60 days before the commencement of construction, as defined in [section 1]. The application must include:

(i) the taxpayer's name, business address, telephone and fax numbers, incorporation information, and federal tax identification number;

(ii) the address and telephone and fax numbers of the taxpayer's Montana office;

(iii) the date scheduled for commencement of construction of the transmission line;

(iv) a statement affirming that the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), will be paid during the construction phase of the transmission line;

(v)-a statement affirming that all other requirements necessary for certification as provided in [section 9] have been met;

(vi) documentation of the federal energy regulatory commission findings on the taxpayer's open season process;
and

(vi) a description of the transmission lines, including electric tie lines, for which the classification is sought.

(b) The description of transmission lines and electric tie lines must include the following information:

- (i) the seasonal transfer capacities of the transmission line or electric tie line;
- (ii) the approximate locations, type of generation, and likely ownership of all electrical generation facilities generating the electricity contracted to be transmitted; and
- (iii) the results of the open season conducted in accordance with the requirements of the Federal Energy Regulatory Commission, showing that at least one-half of the transfer capacity of the transmission line was reserved for transmitting power or the percentage of contracted firm transfer capacity for transmitting electricity on the transmission line or an electric tie line from a qualified green facility.

(3) The application must be signed by the president, secretary, managing agent, or another officer that the company designates. This statement must be treated as a statement under oath or equivalent affirmation for the purpose of 45-7-202, relating to the criminal offense of false swearing.

(4) (a) The department of environmental quality shall notify the taxpayer within ~~90~~ 20 days of receipt of the application as to whether the transmission line meets the requirements necessary for certification as a qualified transmission line.

(b) If the department of environmental quality approves the application, it shall provide a certification number to the taxpayer and notify the department of revenue of the approval and certification number.

~~(5) (a) For the first year that electricity is transmitted on transmission lines or electric tie lines, the department of environmental quality shall certify the taxpayer's transmission lines or electric tie lines according to the following categories:~~

~~— (i) class A line, which has contracted for up to 25% of its firm transfer capacity to transmit electricity generated by a qualified green facility;~~

~~— (ii) class B line, which has contracted for at least 25% but less than 65% of its firm transfer capacity to transmit electricity generated by a qualified green facility;~~

~~— (iii) class C line, which has contracted for at least 65% but less than 100% of its firm transfer capacity to transmit electricity generated by a qualified green facility; or~~

~~— (iv) class D line, which has contracted for 100% of its firm transfer capacity to transmit electricity generated by a qualified green facility.~~

~~— (b) Certification of the transmission line or electric tie line by the department of environmental quality is in effect until December 31 of the second year following the submission of the taxpayer's request for certification.~~

~~— (6) (a) For succeeding years, the department of revenue shall determine the category of the transmission line or electric tie line referred to in subsection (5)(a). The department of revenue shall determine the category of the transmission line or electric tie line by using a 3-year average, ending on December 31 of the third year, of the contracted firm transfer capacity to transmit electricity generated by a qualified green facility. The department of revenue shall use the information contained in the annual report required by [section 15] to determine the category of the transmission line or electric tie line.~~

~~— (b) Based on the determination made under subsection (6)(a), the department of revenue shall classify the transmission line and electric tie line in the appropriate class of property.~~

~~— (7) (a) Subject to subsection (7)(c), if the department of environmental quality or the department of revenue determines that a taxpayer has violated the provisions of this section, either department may revoke a taxpayer's certification as determined under this section. If either the department of environmental quality or the department of revenue revokes a taxpayer's certification, the department revoking the certification shall notify the other department and the taxpayer, in writing, within 30 days.~~

~~(b) If the taxpayer's certification is revoked, the taxpayer's transmission lines are classified as class nine property under 15-6-141.~~

~~(c) A certification may not be revoked or a transmission line may not be reclassified under the provisions of this section if the green facility fails to fulfill the conditions of the contract.~~

~~+8) (5) If the department of environmental quality~~

determines, after a contested case hearing, that it granted an application for certification under this section based upon a fraudulent application, it shall revoke its certification, and the transmission line must be classified as class nine property under 15-6-141. For each year in which the transmission line would have classified as class nine property but for the fraudulent application, the taxpayer is liable for the additional property taxes that would have been levied under a class nine classification.

(6) Ten years after a transmission line is certified as class fifteen property under this section has been in service and each succeeding ten years after that time, the owner of the line must reestablish that at least one-half of the firm transfer capacity of the line has been reserved for transmitting power from a qualified green facility. Contract based reservations must be used as the basis for the reestablishment. If it cannot be established that at least one-half of the firm transfer capacity of the line has been reserved for transmitting power from a qualified green facility, the certification previously granted under this section terminates and the transmission line must be classified, in succeeding tax years, as class nine property under 15-6-14.

~~(8)~~ (7) If a taxpayer feels aggrieved by a determination made by the department of environmental quality or the department of revenue, the taxpayer has the right to a hearing under Title 2, chapter 4, part 6.

NEW SECTION. Section 14 13. Application for classification as qualified pipeline -- approval -- revocation. (1) In order for a taxpayer to qualify the taxpayer's carbon sequestration pipeline and carbon sequestration equipment or liquid pipeline for classification as class ~~seventeen~~ eighteen property, the taxpayer shall submit an application to the department of environmental quality as provided in this section.

(2) (a) The application must be on a form provided by the department of environmental quality and must be submitted by the taxpayer to the department of environmental quality within 60 days before the commencement of construction as defined in [section 1]. The application must include:

- (i) the taxpayer's name, business address, telephone and fax numbers, incorporation information, and federal tax identification number;
- (ii) the address and telephone and fax numbers of the taxpayer's Montana office;
- (iii) the date scheduled for commencement of construction of the pipeline;
- (iv) a statement affirming that the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), will be paid during the construction phase of the pipeline; and
- (v) a statement affirming that all other requirements necessary for certification under [section 10] have been met.

(b) The owner or operator of carbon sequestration pipelines and carbon sequestration equipment applying for classification under this section shall also provide evidence that the pipeline will carry carbon dioxide from a coal processing plant, biomass gasification facility, or biogas production facility to a carbon sequestration point.

(c) The owner or operator of a liquid pipeline applying for classification under this section shall also provide evidence that 100% of the pipeline's capacity is intended for transporting fuel or methane gas from a coal gasification facility, biodiesel production facility, biogas production facility, biomass gasification facility, or ethanol production facility;

(3) The application must be signed by the president, secretary, managing agent, or other officer that the company designates. This statement must be treated as a statement under oath or equivalent affirmation for the purpose of 45-7-202, relating to the criminal offense of false swearing.

(4) (a) The department of environmental quality shall notify the taxpayer within 90 days of receipt of the application as to whether the pipeline satisfies the requirements necessary for certification as a qualified pipeline.

(b) If the department of environmental quality approves the application, it shall provide a certification number to the taxpayer and notify the department of revenue of the approval and certification number.

(5) (a) If the department of environmental quality ~~or the department of revenue~~ determines, after notice and opportunity for a hearing, that a taxpayer has

violated the provisions of this section, either department may revoke a taxpayer's certification as determined under this section. ~~If either the department of environmental quality or the department of revenue revokes a taxpayer's certification, the department revoking the certification shall notify the other department and the taxpayer, in writing, within 30 days.~~ The department of environmental quality shall consult with the department of revenue and other appropriate agencies prior to commencing the revocation procedures. If a certification is revoked, the department of environmental quality shall notify the department of revenue within 30 days.

(b) If the taxpayer's certification is revoked, the taxpayer's carbon sequestration pipelines and carbon sequestration equipment or the taxpayer's liquid pipelines are classified as class nine property under 15-6-141.

(6) If a taxpayer feels aggrieved by a determination made by the department of environmental quality or the department of revenue, the taxpayer has the right to a hearing under Title 2, chapter 4, part 6.

NEW SECTION. ~~Section 15. Annual reports -- information required -- revocation. (1)~~

~~The owner or operator of a transmission line or electric tie line that is classified under [section 9, 10, or 11] and the owner or operator of carbon sequestration pipelines and equipment or a liquid pipeline that is classified under [section 12] have the same reporting requirements and filing dates as those for owners or operators of property assessed under Title 15, chapter 23.~~

~~(2) At the time the property report required under subsection (1) is filed with the department of revenue, the owner or operator of a transmission line or electrical tie line shall also provide to the department a statement for the preceding year, ending on December 31, that must include the following information:~~

~~(a) the contracted firm transfer capacity;~~

~~(b) any changes to the contracted firm transfer capacity to transmit electricity generated by a qualified green facility occurring in the previous year;~~

~~(c) any changes to the contracted firm transfer capacity to transmit electricity generated by any other facility occurring in the previous year;~~

~~—(d) the location and ownership of all electrical generation facilities that have contracted for electricity to be transmitted through the transmission line; and~~

~~—(e) the percentage of its contracted firm transfer capacity to transmit electricity generated by a qualified green facility as defined in [section 9, 10, or 11].~~

~~—(3) At the time the property report required under subsection (1) is filed with the department of revenue, the owner or operator of a carbon sequestration pipeline and carbon sequestration equipment shall provide evidence that the pipeline carries carbon dioxide from a coal processing plant, biomass gasification facility, or biogas production facility to a carbon sequestration point.~~

~~—(4) At the time the property report required under subsection (1) is filed with the department of revenue, the owner or operator of a liquid pipeline shall provide evidence that the 100% of the pipeline capacity is used for transporting fuel or methane gas from a qualified coal gasification facility, qualified biodiesel production facility, qualified biogas production facility, qualified biomass gasification facility, or qualified ethanol production facility.~~

~~—(5) In addition to the reporting required under subsections (1) through (4), the owner or operator required to report under this section shall also provide the following information to the department of revenue:~~

~~—(a) the date scheduled for commencement of construction of the facility or the date when the equipment was manufactured; and~~

~~—(b) affirmation that all other requirements imposed by [sections 13 through 16], as applicable, are being met.~~

~~—(6) (a) If a taxpayer fails to provide the information required by this section, the certification of the taxpayer's property may be revoked.~~

~~—(7) The books and records of a taxpayer owning or operating the property classified under [section 9, 10, 11, or 12] are subject to inspection by the department of environmental quality and the department of revenue during reasonable hours.~~

~~—(8) A taxpayer who feels aggrieved by a determination of the department of revenue made pursuant to the provisions of this section has the right to a hearing under Title 2, chapter 4, part 6.~~

NEW SECTION. Section 16 14. Rules. (1) (a) The department of environmental quality shall adopt rules related to the procedures for reviewing applications for the certification of transmission lines, electric tie lines, carbon sequestration pipelines and equipment; and liquid

(26)

pipelines and the criteria for granting or denying an application. ~~The rules must also provide for the practicable carbon dioxide retention rate for carbon dioxide sequestered through a closed-loop enhanced oil recovery operation~~

(b) The rules must include criteria for revoking a certification.

(c) The rules must include procedures for determining the class of a transmission line as provided in [section 13(4) 11(4)].

(2) (a) The department of revenue shall adopt rules for the implementation, including the valuation of qualifying property, and administration of [sections ~~9 through 15~~ 8 through 12].

(b) The rules must include criteria for revoking a certification under [sections ~~13 through 15~~ 11 through 12].

(c) The rules must include procedures for determining the property class of a transmission line based on the category of the transmission line as provided in [section ~~13(5)~~ 13(5)].

(3) (a) The department of environmental quality and the department of revenue shall consult with each other before adopting rules under this section.

(b) Before adopting rules, the department of environmental quality shall consult with the board of oil and gas conservation regarding the ~~practicable carbon dioxide retention rate for carbon dioxide sequestered through a closed-loop enhanced oil recovery operation~~ requirements for enhanced oil recovery projects that anticipate eventually converting to carbon dioxide sequestration projects.

Section 17 ~~15~~. Section 15-32-109, MCA, is amended to read:

"15-32-109. Credit for energy-conserving expenditures. (1) Subject to the restrictions of subsection (2), a resident individual taxpayer may take a credit against the taxpayer's tax liability under chapter 30 for 25% of the taxpayer's expenditure for a capital investment in the physical attributes of a building or the installation of a water, heating, or cooling system in the building, so long as either type of investment is for an energy conservation purpose, in an amount not to exceed ~~\$500~~ \$1,000.

(2) ~~The~~ Except as provided in subsection (3), the credit under subsection (1):

(a) may not exceed the taxpayer's tax liability; and

(b) is subject to the provisions of 15-32-104.

(3) (a) For a resident individual taxpayer with Montana adjusted gross income of less than or equal to \$11,280, as adjusted under subsection (3)(b), the credit allowed under this section must be refunded if the taxpayer has a tax liability in an amount less than the amount of the credit.

(b) By November 1 of each year, the department shall multiply the Montana adjusted gross income amount referred to in subsection (3)(a) by the ratio of the inflation factor, as defined in 15-30-101, for that tax year to the inflation factor for tax year 2007 and round the product to the nearest \$10."

Section 48 16. Section 61-3-321, MCA, is amended to read:

"61-3-321. Registration fees of vehicles and vessels -- certain vehicles exempt from registration fees -- disposition of fees. (1) Except as otherwise provided in this section, registration fees must be paid upon registration or, if applicable, renewal of registration of motor vehicles, snowmobiles, watercraft, trailers, semitrailers, and pole trailers as provided in subsections (2) through (18):

(2) (a) Except as provided in subsection (2)(b), there is a registration fee imposed on light vehicles. The registration fee is in addition to other annual registration fees.

(b) The following vehicles are exempt from the registration fee imposed in this subsection (2):

(i) light vehicles that meet the description of property exempt from taxation under 15-6-201(1)(a), (1)(c), (1)(d), (1)(e), (1)(f), (1)(g), (1)(i), (1)(j), (1)(l), or (1)(m), 15-6-203, or 15-6-215, except as provided in 61-3-520;

(ii) a light vehicle owned by a person eligible for a waiver of registration fees under 61-3-460;

(iii) a light vehicle registered under 61-3-456;

(iv) a new light vehicle that has an average estimated rating of at least 35 miles per gallon for city or highway driving, as reported in the current year's Fuel Economy Guide published by the U.S. department of energy and the U.S. environmental protection agency or as reported in another national guide that contains the ratings from the Fuel Economy Guide. To qualify for the exemption under this subsection (2)(b)(iv), the first-time registration of the light vehicle must occur in Montana and the light vehicle must meet the conditions of a new motor vehicle as defined in 61-1-101. The exemption applies only to the initial registration period and to the subsequent registration period under 61-3-311 if the registration period is for 1 year. If the initial registration

period is for 2 years, the exemption applies only to that registration period. The exemption period may not exceed 2 years.

(c) The owner of a light vehicle subject to the provisions of 61-3-313 through 61-3-316 may register the light vehicle for a period not to exceed 24 months. The application for registration or reregistration must be accompanied by the registration fee and all other fees required in this chapter for each 12-month period of the 24-month period.

(d) The annual registration fee for light vehicles, trucks and buses under 1 ton, and logging trucks less than 1 ton is as follows:

- (i) if the vehicle is 4 or less years old, \$217;
- (ii) if the vehicle is 5 through 10 years old, \$87; and
- (iii) if the vehicle is 11 or more years old, \$28;

(e) The owner of a light vehicle 11 years old or older may permanently register the light vehicle as provided in 61-3-562.

(3) (a) Except as provided in subsection (3)(c), the owner of a trailer, semitrailer, or pole trailer that has a declared weight of less than 6,000 pounds shall pay a one-time fee of \$61.25.

(b) The owner of a trailer, semitrailer, or pole trailer with a declared weight of 6,000 pounds or more shall pay a one-time fee of \$148.25.

(c) Except as provided in subsection (17), whenever a transfer of ownership of a trailer, semitrailer, or pole trailer described in subsection (3)(a) or (3)(b) occurs, the one-time fee required under subsection (3)(a) or (3)(b) must be paid by the new owner.

(4) The annual registration fee for motor vehicles owned and operated solely as collector's items pursuant to 61-3-411 that are for motor vehicles:

- (a) 2,850 pounds and over, \$10; and
- (b) under 2,850 pounds, \$5.

(5) (a) The registration fee for off-highway vehicles is \$61.25. This fee is a one-time fee, except upon transfer of ownership of an off-highway vehicle. Except as provided in subsection (17), whenever a transfer of ownership of an off-highway vehicle occurs, the one-time fee required under this subsection must be paid by the new owner.

(b) The application for registration for an off-highway vehicle must be made to the county treasurer of the county in which the owner resides, on a form furnished by the department for that purpose. The application must contain:

- (i) the name and home mailing address of the owner;
- (ii) the certificate of title number;
- (iii) the name of the manufacturer of the off-highway vehicle;
- (iv) the model number or name;
- (v) the year of manufacture;
- (vi) a statement evidencing payment of the fee in lieu of property tax; and
- (vii) other information that the department may require.

(c) If the off-highway vehicle was previously registered, the application must be accompanied by the registration certificate for the most recent year in which it was registered. Upon payment of the registration fee, the county treasurer shall sign the application and issue a registration receipt containing the information considered necessary by the department. The owner shall retain possession of the registration receipt until it is surrendered to the county treasurer or to a purchaser or subsequent owner pursuant to a transfer of ownership.

(6) The annual registration fee for heavy trucks, buses, and logging trucks in excess of 1 ton is \$22.75.

(7) (a) The owner of a motor home shall pay an annual fee based on the age of the motor home according to the following schedule:

- (i) less than 2 years old, \$282.50;
- (ii) 2 years old and less than 5 years old, \$224.25;
- (iii) 5 years old and less than 8 years old, \$132.50; and
- (iv) 8 years old and older, \$97.50.

(b) (i) Except as provided in subsection (7)(b)(ii), the age of a motor home is determined by subtracting the manufacturer's designated model year from the current calendar year.

(ii) If the purchase year of a motor home precedes the designated model year of the motor home and the motor home is originally titled in Montana, then the purchase year is considered the model year for the purposes of calculating the fee in lieu of tax.

(c) (i) The owner of a motor home 11 years old or older subject to the registration fee under subsection (7)(a) may permanently register the motor home upon payment of:

- (A) a fee of \$237.50; and
- (B) if applicable, five times the personalized license plate fees under 61-3-406.

(ii) The following series of license plates may not be used for purposes of permanent registration of a motor home:

- (A) Montana national guard license plates issued under 61-3-458(2)(b);
- (B) reserve armed forces license plates issued under 61-3-458(2)(c);
- (C) license plates bearing a wheelchair design as a symbol of a person with a disability issued under 61-3-332(9);
- (D) amateur radio operator license plates issued under 61-3-422;
- (E) collegiate license plates issued under 61-3-465; and
- (F) generic specialty license plates issued under 61-3-479.

(iii) Except as provided in subsection (17), whenever a transfer of ownership of a permanently registered motor home occurs, the applicable fees required under this subsection (7) must be paid by the new owner.

(8) (a) The registration fee for motorcycles and quadricycles registered for use on public highways is \$53.25, and the registration fee for motorcycles and quadricycles registered for both off-road use and for use on the public highways is \$114.50.

(b) An additional fee of \$5 for a motorcycle or quadricycle with special license plates issued under 61-3-415 and, for a motorcycle or quadricycle under one-time registration, an additional fee of \$16 must be collected for the registration of each motorcycle or quadricycle as a safety fee, which must be deposited in the state motorcycle safety account provided for in 20-25-1002.

(c) The registration fees in this subsection (8) are a one-time fee, except upon transfer of ownership of a motorcycle or quadricycle.

(9) (a) The registration fee for travel trailers under 16 feet in length is \$72 and the registration fee for travel trailers 16 feet in length or longer is \$152. This fee is a one-time fee, except upon transfer of ownership of a travel trailer.

(b) Except as provided in subsection (17), whenever a transfer of ownership of a travel trailer occurs, the one-time fee required under subsection (9)(a) must be paid by the new owner.

(10) (a) The owner of each motorboat, sailboat, personal watercraft, or motorized pontoon requiring numbering by this state shall file an application for number in the office of the county treasurer in the county where the motorboat, sailboat, personal watercraft, or motorized pontoon is owned, on forms prepared and furnished by the department. The application must be signed by the owner of the motorboat, sailboat, personal watercraft, or motorized pontoon and be

accompanied by the appropriate registration fee. The owner of a motorboat, sailboat, personal watercraft, or motorized pontoon shall pay a one-time fee as follows:

(i) for a personal watercraft or a motorboat, sailboat, or motorized pontoon less than 16 feet in length, \$65.50;

(ii) for a motorboat, sailboat, or motorized pontoon at least 16 feet in length but less than 19 feet in length, \$125.50; and

(iii) for a motorboat, sailboat, or motorized pontoon 19 feet in length or longer, \$295.50.

(b) This fee is a one-time fee, except upon transfer of ownership of the motorboat, sailboat, personal watercraft, or motorized pontoon.

(11) (a) Except as provided in subsection (11)(b), the one-time registration fee for a snowmobile is \$60.50.

(b) If a snowmobile is licensed by a Montana business and is owned exclusively for the purpose of daily rental to customers, the business is assessed:

(i) a fee of \$40.50 in the first year of registration; and

(ii) if the business reregisters the snowmobile for a second year, a fee of \$20. If the business reregisters the snowmobile for a third year, the snowmobile must be permanently registered and the business is assessed the fee in lieu of tax imposed in subsection (11)(a).

(c) Except as provided in subsection (17), whenever a transfer of ownership of a snowmobile occurs, the applicable fee required under this subsection (11) must be paid by the new owner.

(12) A fee of \$5 must be collected when a new set of standard license plates or a new single standard license plate provided for under 61-3-332 is issued.

(13) The provisions of this part with respect to the payment of registration fees do not apply to and are not binding upon motor vehicles, trailers, semitrailers, snowmobiles, watercraft, or tractors owned or controlled by the United States of America or any state, county, city, or special district, as defined in 18-8-202.

(14) When the license plates for a registered motor vehicle are transferred to a replacement vehicle under 61-3-317, 61-3-332, or 61-3-335, the owner of the motor vehicle shall pay a registration fee as follows:

(a) heavy trucks, buses, and logging trucks in excess of 1 ton, 75 cents;

(b) light vehicles, trucks and buses under 1 ton, and logging trucks less than 1 ton:

(i) if the vehicle is 4 years old or less, \$195.75;

- (ii) if the vehicle is 5 years old through 10 years old, \$65.75; and
- (iii) if the vehicle is 11 years old or older, \$6.75;
- (c) motor homes:
 - (i) less than 2 years old, \$250.50;
 - (ii) 2 years old and less than 5 years old, \$192.25;
 - (iii) 5 years old and less than 8 years old, \$100.50; and
 - (iv) 8 years old and older, \$65.50;
- (d) motorcycles and quadricycles registered for use on the public highways, \$42, and motorcycles and quadricycles registered for both off-road use and for use on the public highways, \$103.25. This fee is a one-time fee, except upon transfer of ownership.
- (e) travel trailers under 16 feet in length, \$50.50, and travel trailers 16 feet in length or longer, \$130.50. This fee is a one-time fee, except upon transfer of ownership.
- (f) trailers, semitrailers, or pole trailers with a declared weight of less than 6,000 pounds, \$52. This fee is a one-time fee, except upon transfer of ownership.
- (g) trailers, semitrailers, or pole trailers with a declared weight of 6,000 pounds or more, \$139. This fee is a one-time fee, except upon transfer of ownership.
- (15) A person eligible for a waiver under 61-3-460 is exempt from the fees required under this section.
- (16) Except as otherwise provided in this section, revenue collected under this section must be deposited in the state general fund.
- (17) The fees imposed by subsections (2) through (11) are not required to be paid by a dealer for the enumerated vehicles or vessels that constitute inventory of the dealership.
- (18) (a) Unless a person exercises the option in subsection (18)(b), an additional fee of \$4 must be collected for each light vehicle registered for licensing pursuant to this part. This fee must be accounted for and transmitted separately from the registration fee. The fee must be deposited in an account in the state special revenue fund to be used for state parks, for fishing access sites, and for the operation of state-owned facilities. Of the \$4 fee, the department shall use \$3.50 for state parks, 25 cents for fishing access sites, and 25 cents for the operation of state-owned facilities at Virginia City and Nevada City.
- (b) A person who registers a light vehicle may, at the time of annual registration, certify that the person does not intend to use the vehicle to visit state parks and fishing access sites and may

make a written election not to pay the additional \$4 fee provided for in subsection (18)(a). If a written election is made, the fee may not be collected.

(19) For each light vehicle, trailer, semitrailer, pole trailer, heavy truck, motor home, motorcycle, quadricycle, and travel trailer subject to a registration fee under this section, an additional fee of \$5 must be collected and forwarded to the state for deposit in the account established in 44-1-504.

(20) This section does not apply to a motor vehicle, trailer, semitrailer, or pole trailer that is governed by 61-3-721."

NEW SECTION. Section 49 17. Codification instruction. (1) [Sections 1 through 5 4] are intended to be codified as an integral part of Title 15, chapter 24, and the provisions of Title 15, chapter 24, apply to [sections 1 through 5 4].

(2) [Sections 9 through 46 8 through 13] are intended to be codified as an integral part of Title 15, chapter 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to [sections 9 through 46 8 through 13].

NEW SECTION. Section 20 18. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. Section 24 19. Effective dates. (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) [Section 48 15] is effective January 1, 2008.

NEW SECTION. Section 22 20. Applicability. (1) Except as provided in subsections (2) and (3), [this act] applies to property tax years beginning after December 31, 2007.

(2) [Section 47 14] applies retroactively, as provided in 1-2-109, to tax years beginning after December 31, 2006.

(3) [Section 48 15] applies to new light vehicles registered after December 31, 2007.

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